

FTC Business Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Getting Business Credit

Whether you're planning to start your own business or expand the one you own, you may be in the market for credit. When you shop for a loan or line of credit, remember that the law protects you against discrimination. The Equal Credit Opportunity Act (ECOA) prohibits creditors from denying you a loan based on reasons that have nothing to do with your credit-worthiness.

The Federal Trade Commission wants you to know that:

- You cannot be denied business credit on the basis of your race, color, religion, national origin, sex, marital status, or age — or that of your customers. For example, if you request a loan to open a store, a creditor can't deny your application based on your race or your customers'.
- If your application for business credit is rejected, you can find out why. You must submit a written request for the reasons within 60 days of the denial. The creditor must give you the specific reasons — in writing — within 30 days of your request. If you don't agree with the reasons, consider discussing your concerns with the lender; you may be able to resolve the issues.
- If your business is small (less than \$1 million in gross revenues), the lender must keep records of your credit application for one year after telling you of the credit decision. If your business grosses more than \$1 million, the lender has to keep your records on file for only 60 days after denying you credit. If you ask that your records be kept longer, however, or if you ask for a written statement of the reasons for denial, the lender must keep your file for a year. If you don't ask about the reasons for denial within 60 days, the law permits the creditor to destroy your records. Note that these records could be important for any legal action you may consider against a lender.

You have the right to sue a creditor who doesn't comply with the law. If you have a complaint about a government lender, public utility company, small loan and finance company, travel and expense credit card company, or other non-bank creditor, you may want to file a complaint with the FTC.

Although the FTC cannot resolve individual disputes, it can act against a company if it sees a pattern of possible law violations. Write to: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; call toll-free 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; or file your complaint online at www.ftc.gov. For a complete list of publications the FTC publishes on business and consumer issues, write for *Best Sellers* or visit www.ftc.gov — click on Consumer Protection.

Your Opportunity To Comment

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards collect comments from small business about federal enforcement actions. Each year, the Ombudsman evaluates enforcement activities and rates each agency's responsiveness to small business. To comment on FTC actions, call 1-888-734-3247.